

RUSSIA AND THE WEST IN IRAN

Furthermore, the Soviet authorities usually demanded cash payment from Iranian merchants, without reciprocity so far as their own purchases were concerned; they obstructed transit of goods through Russia to Iran; and they asked exorbitant prices for certain imported goods, above the level permitted by the Commercial Treaty.¹⁴

The Fisheries Convention concluded simultaneously with the treaty provided for a mixed Soviet-Iranian Company to exploit the fish and caviar resources of the Caspian Sea. The ownership was equally divided, with Iran receiving in addition 80,000 tomans per annum and 15 per cent of the gross profits (less the expenses of administration) as royalties. This arrangement seemed to favor Iran, yet in reality the contrary was true: the lack of precise provisions on marketing permitted Russia to gain disproportionately high advantages from this convention to the detriment of her Iranian partner.

The Treaty of 1927 expired in 1929, and the next two years witnessed commercial exchanges between both countries without any conventional basis except for a tariff agreement. By the beginning of 1931 the Iranian government came to the conclusion that private traders were unable to withstand the pressure of the Soviet centralized system. Accordingly, in February of that year Iran instituted a foreign trade monopoly, mainly as a protective measure against Soviet economic domination. This was followed by the conclusion of a new trade agreement with Russia in October, 1931, which established the principle of net balance, fixed contingents of goods, and a most-favored-nation clause. This clause gave rise to

many misgivings,
as the reciprocity that it provided for seemed to be
doubtful in practical application. In view of domestic Soviet
legislation such rights
as the acquisition of property, the residence of
nationals in either
country, or free practice of trade would in reality not
be available to
the Iranians.¹⁶

The new treaty, which, by the way, coincided with
Soviet centrali-
zation of Eastern trade through the creation of the
Gosvostorg
("State Eastern Trading Company"), was not
entirely satisfactory

i* Connolly, *op. cit.* pp. 70 EE,
is *Ibid.*, p. 69.